

18 December 1959

MEMORANDUM FOR: Assistant Director/Research and Reports

SUBJECT: Gains of USSR from Trade

REFERENCE: Memo from Chief, CI/ICD to AD/RR, Subject:
"Materials on US-Soviet Trade Returned,"
dated 14 December 1959

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1. [REDACTED] memorandum suggests that the USSR is reaping "advantages" from its imports in meeting the goals of the Seven Year Plan. He believes a study of these advantages could lead to a forecast of the time when the "peaceful coexistence" phase would be ended by the USSR.

2. We would agree that the USSR realizes economic gains from its foreign trade, for the most part, and that if it did not so profit, the USSR would not engage in this trade. The same can be said of the foreign trade of any western nation, including the United States. Profit is here defined as a saving in the use of resources. Undoubtedly the Soviets garner additional benefits (apart from economic ones) from imports, as well as from exports, particularly in underdeveloped nations having difficulties marketing agricultural products. It would, I believe, be impossible to quantify all these gains into a single measure of advantage. The most that can be said is that, other things remaining equal, Soviet gains from foreign trade are likely to rise or fall in concert with the volume of trade itself.

3. If this judgment is reasonably correct, then it follows that an estimate of past or likely future advantages gained by the Soviets from imports would not produce a yardstick which would be of any positive value in gaging the duration of "peaceful coexistence." The duration of the "p.c." phase is, I believe, much more likely to depend upon:

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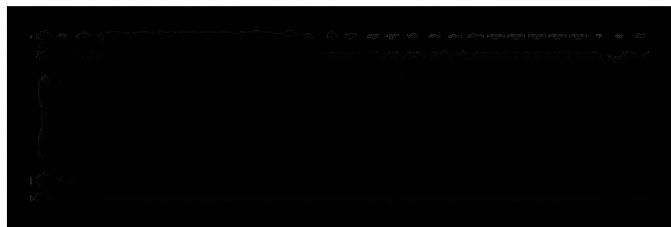
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a. The progress the Soviets achieve through their massive military research and development effort. If they succeed in producing a decisive weapons system (here defined as one which would neutralize the U.S.'s nuclear strike capability so as to leave the motherland relatively unscathed), "p.c." probably would go out the Kremlin window.

b. The attitude of Khrushchev's successor toward foreign trade -- this is, would he favor the present Khrushchevian moderation of the autarky principle, or would he revert to a Stalin-like policy of virtually complete self-sufficiency?

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4. It follows that we do not favor [REDACTED] proposed research project.



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